

2007 AUDIT  
020132

**The Education Resources  
Institute, Inc. and Subsidiary**  
Consolidated Financial Statements  
June 30, 2007 and 2006

**The Education Resources Institute, Inc. and Subsidiary**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2007 and 2006**

	2007	2006
<b>Revenue</b>		
Guarantee fees	\$ 346,041,454	\$ 245,352,831
Residual interest in securitized portfolios	78,876,518	32,260,402
Investment income	29,752,600	16,894,097
Unrealized gain (loss) on investments in marketable securities	2,930,556	(2,449,232)
Grants and contracts	2,608,198	2,384,426
Origination fees	40,979,073	20,339,068
HEIC membership fees	105,937	87,564
Interest income on student loans	543,446	676,382
Interest income - FMC - notes receivable	250,377	296,974
Contractual income - FMC	247,524	747,528
Total revenue	<u>502,335,683</u>	<u>316,590,040</u>
<b>Expenses</b>		
Compensation and employee fringe benefits	6,445,237	3,427,922
Office expenses	465,850	293,462
Rent	695,296	542,939
Professional fees (FMER)	134,844,987	106,072,120
Professional fees (other)	3,791,367	3,399,954
Loan servicing fees	107,673	125,782
Collection costs	6,546,395	5,140,242
Printing and promotion	202,904	127,588
Loan loss provision	213,345,554	131,938,830
Depreciation and amortization	151,106	173,222
Grants	192,937	87,474
Interest expense	273,827	340,110
Other expenses	2,208,561	893,806
Total expenses	<u>369,271,694</u>	<u>252,563,451</u>
Increase in net assets	<u>133,063,989</u>	<u>64,026,589</u>
Net assets, beginning of year	<u>210,772,624</u>	<u>146,746,035</u>
Net assets, end of year	<u>\$ 343,836,613</u>	<u>\$ 210,772,624</u>

The accompanying notes are an integral part of these consolidated financial statements.